

**Financial Economics**  
**ECON 315**  
**Tyler 123**  
**Tuesdays and Thursdays 9:30-10:50**  
**Spring 2019**

**Instructor: Peter Atwater**  
**Tyler 338**  
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**Course Objective:** By the end of the semester you should have a firm grasp of the fundamental theories, concepts and formulas associated with financial decisions. You should also understand their routine application in practice and how they are relevant to today's financial markets.

You should know the why, the how and the how now.

**Course Description:** We will focus on the roles of time, expectations and uncertainty in consumer, corporate and public sector borrowing, investing, hedging and insuring decisions. Topics will include a general overview of the financial system and capital markets, the time value of money, discounted cash flow analysis, valuation models, risk management, asset pricing and basic portfolio management.

This class is intended to be a launch point for greater exploration into the topics covered.

**Class Format:** A variety of teaching methods will be used to meet course objectives, including: lectures, problem sets, case studies and discussions of current financial topics. Classes will typically begin with a review of the homework assignment or a conceptual question, followed by a lecture and demonstration of new material. Problem sets will be used extensively to reinforce important concepts and techniques. Students will then practice the use of newly introduced concepts by solving problems or participating in class exercises designed to demonstrate practical applications.

**Texts:** While there are no required texts for this course, Raymond Brooks' Financial Management Core Concepts is highly recommended, particularly for students for whom this class is their first exposure to basic financial principles. Notes and problem sets for the material to be covered in this class, along with other pertinent handouts, will be made available on Blackboard as the class progresses.

**Other Requirements:** You will need a calculator for all quizzes and exams. A Financial/Business calculator such as HP12C or TI BAII Plus is highly recommended.

**Reading:** Throughout the course, I will assign news articles drawn from major current financial events. It is your responsibility to read all assigned material and to come prepared to discuss how the concepts covered in class may apply.

**Instructor Office Hours/Availability:** I will be on campus Tuesdays, Wednesdays and Thursdays with office hours on Wednesday from 9-12 and 2-5. I will be happy to meet with you then or before or after class. Just let me know when you would like to meet.

I am also available via email at [pwatwater@wm.edu](mailto:pwatwater@wm.edu). Emails sent after 9 pm are likely to be answered early the following morning.

### **Useful Dates:**

January 28 Add/drop period ends (Friday)  
March 2-10 Spring Break (Saturday-Sunday)  
March 15 Last day to withdraw from a course (Friday)

### **Special Accommodations:**

#### **Accommodation for Students with Disabilities**

**William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at [sas@wm.edu](mailto:sas@wm.edu) to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see [www.wm.edu/sas](http://www.wm.edu/sas)**

If you believe you need an accommodation for a disability, please let me know as soon as possible. Some aspects of this course may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Dean of Students Office (221-2510) to help us determine appropriate accommodations. I will treat any information you provide as private and confidential. Such notice must be given by February 1, 2019.

#### **Religious Holiday Statement**

I will make every reasonable effort to allow members of the College community to observe their religious holidays without academic penalty. However, it is your obligation to provide me with reasonable notice of the dates of religious holidays on which you will be absent. Such notice must be given by February 1, 2019.

#### **Student-Athletes**

You must provide me with a letter from your coach indicating that you are in fact a member of the team, and the dates and times you will be out of town. I need these letters printed on letterhead and turned in to me no later than February 1, 2019.

### **Course Requirements and Evaluation**

**Class Etiquette:** Please, no electronics.

**Attendance:** Students are expected to attend all classes and to be on time for all class meetings. However, if you notify me by email, you will be allowed three absences from class without the need for documentation or excuse. This includes personal and medical absences.

In the case of an extended absence (more than three consecutive classes) you will need to provide documentation from the Dean of Students. Otherwise, any unexcused absences beyond three,

extended absences not confirmed by the Dean of Students office, and/or repeated late arrival to/early departures from class will affect your final grade.

**Homework:** Homework assignments will not be collected or graded. Homework problems and questions, along with problems and questions done in class will be representative of, and prepare you for, what you can expect on quizzes and exams so it is suggested that you complete assigned problems before coming to class.

**Quizzes:** There will be 3-4 quizzes during the semester which will be based on class lectures and associated homework assignments. Quizzes are intended to serve as assessments of your understanding of the materials prior to an exam. Students who miss a class are responsible for that day's lecture material and for the material used on any quiz given at subsequent class meetings. **There will be no make-up quizzes.**

**Exams:** Exams will consist of questions and problems that are similar to those covered in the lecture and on homework assignments. Make up exams will only be given to students for whom special accommodation has been arranged. (See above.)

The final exam will be comprehensive and will be held on Tuesday April 30<sup>th</sup> from 9-12.

**Academic Honesty:** William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the university, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The Student Handbook ([www.wm.edu/studenthandbook](http://www.wm.edu/studenthandbook)) includes your responsibilities as a student. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see [www.wm.edu/honor](http://www.wm.edu/honor)

All assignments are to be completed in adherence with the Honor Code.

**Grade Calculation:**

Attendance 5%  
Quizzes 10%  
Exams (4) 85% (weighted 15%, 20%, 20% and 30%)

**Grade Scale:**

A = 94 - 100	B+ = 86 - 89	C+ = 76 - 79	D+ = 65 - 69
A- = 90 - 93	B = 84 - 85	C = 74 - 75	D = 60 - 64
	B- = 80 - 82	C- = 70 - 73	F = Below 60

Note: The instructor reserves the right to modify the course requirements, assignments, grading procedures, and other related policies as circumstances dictate.

## Tentative Course Schedule

Jan 178	Class 1	Course Introduction/ The Financial System (Set 1)
Jan 22	Class 2	The Financial Environment (Set1)
Jan 24	Class 3	The Financial Environment /Financial Statement Analysis (Sets 1&2)
Jan 29	Class 4	Financial Statement Analysis (Set 2)
Jan 31	Class 5	Financial Statement Analysis (Set 2)
Feb 5	Class 6	Time Value of Money (Set 3)
Feb 7	Class 7	Time Value of Money (Set 3)
Feb 12	Class 8	<b>Exam #1</b>
Feb 14	Class 9	Time Value of Money/Saving & Consumption (Set 3&4)
Feb 19	Class 10	Saving & Consumption/Investment Decisions (Set 4&5)
Feb 21	Class 11	Investment Decisions (Set 5)
Feb 26	Class 12	Investment Decisions /General Asset Valuation (Set 5&6)
Feb 28	Class 13	General Asset Valuation/Fixed Income Valuation (Set 6&7)
Mar 2-10		<b>Spring Break</b>
Mar 12	Class 14	Fixed Income Valuation (Set 7)
Mar 14	Class 15	<b>Exam #2</b>
Mar 19	Class 16	Stock Valuation (Set 8)
Mar 21	Class 17	Stock Valuation (Set 8)
Mar 26	Class 18	Risk & Risk Control/Risk Control Measures (Set 9&10)

Mar 28	Class 19	Risk Control Measures (Set 10)
Apr 2	Class 20	Risk Control Measures
Apr 4	Class 21	Futures Contracts (Set 11)
Apr 9	Class 22	<b>Exam #3</b>
Apr 11	Class 23	Futures Contracts/Options (Set 11&12)
Apr 16	Class 24	Options (Set 12)
Apr 18	Class 25	CAPM/Three Factor Model (Set 13)
Apr 24	Class 26	Portfolio Selection & Diversification (Set 14)
Apr 25	Class 27	Portfolio Selection & Diversification
Apr 30		<b>Final Exam 9:00AM to 12:00PM)</b>